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| <b>USDA-RUS</b><br><br><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b>  |                               | <i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i><br><br><b>BORROWER NAME</b><br><br>Clarks Telecommunications Co.<br><br>(Prepared with Audited Data) |   |
| <b>INSTRUCTIONS:</b> Submit report to RUS within 30 days after close of the period.<br>For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.   |                               | <b>PERIOD ENDING</b><br>December, 2013  | <b>BORROWER DESIGNATION</b><br>NE0532                         |
| <b>CERTIFICATION</b><br><br>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.<br><b>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</b><br><br><b>DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII</b><br>(Check one of the following) |                               |   |   |
| <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.  |                               |   |   |
| <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report  |                               |   |   |
| David Armstrong  |                               | 3/31/2014<br>DATE   |   |
| <b>PART A. BALANCE SHEET</b>   |                               |   |   |
| <b>ASSETS</b>  | <b>BALANCE<br/>PRIOR YEAR</b> | <b>BALANCE<br/>END OF PERIOD</b>  | <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                   |
| <b>CURRENT ASSETS</b>  |                               |   | <b>CURRENT LIABILITIES</b>                                    |
| 1. Cash and Equivalents  |                               |   | 25. Accounts Payable  |
| 2. Cash-RUS Construction Fund  |                               |   | 26. Notes Payable   |
| 3. Affiliates:   |                               |   | 27. Advance Billings and Payments                             |
| a. Telecom, Accounts Receivable  |                               |   | 28. Customer Deposits   |
| b. Other Accounts Receivable   |                               |   | 29. Current Mat. L/T Debt                                     |
| c. Notes Receivable  |                               |   | 30. Current Mat. L/T Debt-Rur. Dev.                           |
| 4. Non-Affiliates:   |                               |   | 31. Current Mat.-Capital Leases                               |
| a. Telecom, Accounts Receivable  |                               |   | 32. Income Taxes Accrued                                      |
| b. Other Accounts Receivable   |                               |   | 33. Other Taxes Accrued                                       |
| c. Notes Receivable  |                               |   | 34. Other Current Liabilities                                 |
| 5. Interest and Dividends Receivable   |                               |   | 35. Total Current Liabilities (25 thru 34)                    |
| 6. Material-Regulated  |                               |   | <b>LONG-TERM DEBT</b>   |
| 7. Material-Nonregulated   |                               |   | 36. Funded Debt-RUS Notes                                     |
| 8. Prepayments   |                               |   | 37. Funded Debt-RTB Notes                                     |
| 9. Other Current Assets  |                               |   | 38. Funded Debt-FFB Notes                                     |
| 10. Total Current Assets (1 thru 9)  |                               |   | 39. Funded Debt-Other   |
| <b>NONCURRENT ASSETS</b>   |                               |   | 40. Funded Debt-Rural Develop. Loan                           |
| 11. Investment in Affiliated Companies   |                               |   | 41. Premium (Discount) on L/T Debt                            |
| a. Rural Development   |                               |   | 42. Recquired Debt  |
| b. Nonrural Development  |                               |   | 43. Obligations Under Capital Lease                           |
| 12. Other Investments  |                               |   | 44. Adv. From Affiliated Companies                            |
| a. Rural Development   |                               |   | 45. Other Long-Term Debt                                      |
| b. Nonrural Development  |                               |   | 46. Total Long-Term Debt (36 thru 45)                         |
| 13. Nonregulated Investments   |                               |   | <b>OTHER LIAB. &amp; DEF. CREDITS</b>                         |
| 14. Other Noncurrent Assets  |                               |   | 47. Other Long-Term Liabilities                               |
| 15. Deferred Charges   |                               |   | 48. Other Deferred Credits                                    |
| 16. Jurisdictional Differences   |                               |   | 49. Other Jurisdictional Differences                          |
| 17. Total Noncurrent Assets (11 thru 16)   |                               |   | 50. Total Other Liabilities and Deferred Credits (47 thru 49) |
| <b>PLANT, PROPERTY, AND EQUIPMENT</b>  |                               |   | <b>EQUITY</b>   |
| 18. Telecom, Plant-in-Service  |                               |   | 51. Cap. Stock Outstand. & Subscribed                         |
| 19. Property Held for Future Use   |                               |   | 52. Additional Paid-in-Capital                                |
| 20. Plant Under Construction   |                               |   | 53. Treasury Stock  |
| 21. Plant Adj., Nonop. Plant & Goodwill  |                               |   | 54. Membership and Cap. Certificates                          |
| 22. Less Accumulated Depreciation  |                               |   | 55. Other Capital   |
| 23. Net Plant (18 thru 21 less 22)   |                               |   | 56. Patronage Capital Credits                                 |
| 24. TOTAL ASSETS (10+17+23)  |                               |   | 57. Retained Earnings or Margins                              |
|  |                               |   | 58. Total Equity (51 thru 57)                                 |
|  |                               |   | 59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)                |

Total Equity = 41.99% of Total Assets

|  |            |                                     |  |
|--|------------|-------------------------------------|--|
| USDA-RUS<br><br><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b>     |            | BORROWER DESIGNATION<br><br>NR0532  |  |
| INSTRUCTIONS- See RUS Bulletin 1744-2  |            | PERIOD ENDING<br><br>December, 2013 |  |
| <b>PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS</b>             |            |                                     |  |
| ITEM   | PRIOR YEAR | THIS YEAR                           |  |
| 1. Local Network Services Revenues   |            |                                     |  |
| 2. Network Access Services Revenues  |            |                                     |  |
| 3. Long Distance Network Services Revenues                                       |            |                                     |  |
| 4. Carrier Billing and Collection Revenues                                       |            |                                     |  |
| 5. Miscellaneous Revenues  |            |                                     |  |
| 6. Uncollectible Revenues  |            |                                     |  |
| 7. Net Operating Revenues (1 thru 5 less 6)                                      |            |                                     |  |
| 8. Plant Specific Operations Expense   |            |                                     |  |
| 9. Plant Non-specific Operations Expense (Excluding Depreciation & Amortization) |            |                                     |  |
| 10. Depreciation Expense   |            |                                     |  |
| 11. Amortization Expense   |            |                                     |  |
| 12. Customer Operations Expense  |            |                                     |  |
| 13. Corporate Operations Expense   |            |                                     |  |
| 14. Total Operating Expenses (8 thru 13)   |            |                                     |  |
| 15. Operating Income or Margins (7 less 14)                                      |            |                                     |  |
| 16. Other Operating Income and Expenses  |            |                                     |  |
| 17. State and Local Taxes  |            |                                     |  |
| 18. Federal Income Taxes   |            |                                     |  |
| 19. Other Taxes  |            |                                     |  |
| 20. Total Operating Taxes (17+18+19)   |            |                                     |  |
| 21. Net Operating Income or Margins (15+16-20)                                   |            |                                     |  |
| 22. Interest on Funded Debt  |            |                                     |  |
| 23. Interest Expense - Capital Leases  |            |                                     |  |
| 24. Other Interest Expense   |            |                                     |  |
| 25. Allowance for Funds Used During Construction                                 |            |                                     |  |
| 26. Total Fixed Charges (22+23+24-25)  |            |                                     |  |
| 27. Nonoperating Net Income  |            |                                     |  |
| 28. Extraordinary Items  |            |                                     |  |
| 29. Jurisdictional Differences   |            |                                     |  |
| 30. Nonregulated Net Income  |            |                                     |  |
| 31. Total Net Income or Margins (21+27+28+29+30-26)                              |            |                                     |  |
| 32. Total Taxes Based on Income  |            |                                     |  |
| 33. Retained Earnings or Margins Beginning-of-Year                               |            |                                     |  |
| 34. Miscellaneous Credits Year-to-Date   |            |                                     |  |
| 35. Dividends Declared (Common)  |            |                                     |  |
| 36. Dividends Declared (Preferred)   |            |                                     |  |
| 37. Other Debits Year-to-Date  |            |                                     |  |
| 38. Transfers to Patronage Capital   |            |                                     |  |
| 39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]      |            |                                     |  |
| 40. Patronage Capital Beginning-of-Year  |            |                                     |  |
| 41. Transfers to Patronage Capital   |            |                                     |  |
| 42. Patronage Capital Credits Retired  |            |                                     |  |
| 43. Patronage Capital End-of-Year (40+41-42)                                     |            |                                     |  |
| 44. Annual Debt Service Payments   |            |                                     |  |
| 45. Cash Ratio [(14+20-10-11) / 7]   |            |                                     |  |
| 46. Operating Accrual Ratio [(14+20+26) / 7]                                     |            |                                     |  |
| 47. TIER [(31+26) / 26]  |            |                                     |  |
| 48. DSCR [(31+26+10+11) / 44]  |            |                                     |  |

|  |          |     |                               |             |       |  |       |
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| USDA-RUS<br><br><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b><br><br>INSTRUCTIONS - See RUS Bulletin 1744-2 |          |     |                               |             |       | BORROWER DESIGNATION<br>NE0532<br><br>PERIOD ENDED<br>December, 2013 |       |
| Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION  |          |     |                               |             |       |  |       |
|  | 1. RATES |     | 2. SUBSCRIBERS (ACCESS LINES) |             |       | 3. ROUTE MILES   |       |
| EXCHANGE   | B-1      | R-1 | BUSINESS                      | RESIDENTIAL | TOTAL | TOTAL<br>(including fiber)   | FIBER |
|  | (a)      | (b) | (a)                           | (b)         | (c)   | (a)  | (b)   |
| Clarks   |          |     |                               |             |       |  |       |
| Staplehurst  |          |     |                               |             |       |  |       |
| Ulysses  |          |     |                               |             |       |  |       |
| MobileWireless   |          |     |                               |             |       |  |       |
| Route Mileage<br>Outside Exchange<br>Area  |          |     |                               |             |       |  |       |
| Total  |          |     |                               |             |       |  |       |
| No. Exchanges  |          |     |                               |             |       |  |       |

| USDA-RUS<br><br><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b><br><br>INSTRUCTIONS - See RUS Bulletin 1744-2 |   |                                       |                                 |  |  |                        | BORROWER DESIGNATION<br>NE0532<br><br>PERIOD ENDED<br>December, 2013 |                              |
|--|---|---------------------------------------|---------------------------------|--|--|------------------------|--|------------------------------|
| Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION  |   |                                       |                                 |  |  |                        |  |                              |
| 4. BROADBAND SERVICE   |   |                                       |                                 |  |  |                        |  |                              |
| Details on Least Expensive Broadband Service   |   |                                       |                                 |  |  |                        |  |                              |
| EXCHANGE   | No. Access Lines<br>with BB<br>available<br>(a) | No Of Broadband<br>Subscribers<br>(b) | Number Of<br>Subscribers<br>(c) | Advertised<br>Download Rate<br>(Kbps)<br>(d) | Advertised<br>Upload<br>Rate (Kbps)<br>(e) | Price Per Month<br>(f) | StandAlone/Pctg<br>(g)   | Type Of<br>Technology<br>(h) |
| Clarks   |   |                                       |                                 |  |  |                        | StandAlone   | Fiber to the Home            |
| Staplehurst  |   |                                       |                                 |  |  |                        | StandAlone   | Fiber to the Home            |
| Ulysses  |   |                                       |                                 |  |  |                        | StandAlone   | Fiber to the Home            |
| Total  |   |                                       |                                 |  |  |                        |  |                              |



|   |   |   |   |   |                           |             |   |  |             |   |  |
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| USDA-RUS<br><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b>  |   |   | BORROWER DESIGNATION<br>NE0532<br>PERIOD ENDING<br>December, 2013 |   |                           |             |   |  |             |   |  |
| INSTRUCTIONS- See RUS Bulletin 1744-2   |   |   |   |   |                           |             |   |  |             |   |  |
| PART D. SYSTEM DATA   |   |   |   |   |                           |             |   |  |             |   |  |
| 1. No. Plant Employees  | 2. No. Other Employees                    | 3. Square Miles Served  | 4. Access Lines per Square Mile                                   | 5. Subscribers per Route Mile               |                           |             |   |  |             |   |  |
| PART E. TOLL DATA   |   |   |   |   |                           |             |   |  |             |   |  |
| 1. Study Area ID Code(s)<br>a. 371531<br>b. _____<br>c. _____<br>d. _____<br>e. _____<br>f. _____<br>g. _____<br>h. _____<br>i. _____<br>j. _____ |   | 2. Types of Toll Settlements (Check one)<br><table style="width: 100%;"> <tr> <td style="width: 50%;">Interstate:</td> <td style="width: 20%;"><input type="checkbox"/> Average Schedule</td> <td style="width: 30%;"><input checked="" type="checkbox"/> Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input type="checkbox"/> Average Schedule</td> <td><input checked="" type="checkbox"/> Cost Basis</td> </tr> </table> |   |   |                           | Interstate: | <input type="checkbox"/> Average Schedule | <input checked="" type="checkbox"/> Cost Basis | Intrastate: | <input type="checkbox"/> Average Schedule | <input checked="" type="checkbox"/> Cost Basis |
| Interstate:   | <input type="checkbox"/> Average Schedule | <input checked="" type="checkbox"/> Cost Basis  |   |   |                           |             |   |  |             |   |  |
| Intrastate:   | <input type="checkbox"/> Average Schedule | <input checked="" type="checkbox"/> Cost Basis  |   |   |                           |             |   |  |             |   |  |
| PART F. FUNDS INVESTED IN PLANT DURING YEAR   |   |   |   |   |                           |             |   |  |             |   |  |
| 1. RUS, RTB, & FFB Loan Funds Expended  |   |   |   |   |                           |             |   |  |             |   |  |
| 2. Other Long-Term Loan Funds Expended  |   |   |   |   |                           |             |   |  |             |   |  |
| 3. Funds Expended Under RUS Interim Approval  |   |   |   |   |                           |             |   |  |             |   |  |
| 4. Other Short-Term Loan Funds Expended   |   |   |   |   |                           |             |   |  |             |   |  |
| 5. General Funds Expended (Other than Interim)  |   |   |   |   |                           |             |   |  |             |   |  |
| 6. Salvaged Materials   |   |   |   |   |                           |             |   |  |             |   |  |
| 7. Contribution in Aid to Construction  |   |   |   |   |                           |             |   |  |             |   |  |
| 8. Gross Additions to Telecom. Plant (1 thru 7)   |   |   |   |   |                           |             |   |  |             |   |  |
| PART G. INVESTMENTS IN AFFILIATED COMPANIES   |   |   |   |   |                           |             |   |  |             |   |  |
| INVESTMENTS   | CURRENT YEAR DATA                         |   | CUMULATIVE DATA   |   |                           |             |   |  |             |   |  |
|   | Investment<br>This Year<br>(b)            | Income/Loss<br>This Year<br>(c)   | Cumulative<br>Investment<br>To Date<br>(d)                        | Cumulative<br>Income/Loss<br>To Date<br>(e) | Current<br>Balance<br>(f) |             |   |  |             |   |  |
| 1. Investment in Affiliated Companies - Rural Development   |   |   |   |   |                           |             |   |  |             |   |  |
| 2. Investment in Affiliated Companies - Nonrural Development  |   |   |   |   |                           |             |   |  |             |   |  |

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| <b>USDA-RUS</b><br><br><b>OPERATING REPORT FOR</b><br><b>TELECOMMUNICATIONS BORROWERS</b>   | BORROWER DESIGNATION<br>NB0532<br><br>PERIOD ENDING<br>December, 2013 |
| <b>PART H. CURRENT DEPRECIATION RATES</b>   |   |
| Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) |   |
| <input checked="checked" type="checkbox"/> YES <input type="checkbox"/> NO  |   |
| <b>EQUIPMENT CATEGORY</b>   | <b>DEPRECIATION RATE</b>  |
| 1. Land and support assets - Motor Vehicles   |   |
| 2. Land and support assets - Aircraft   |   |
| 3. Land and support assets - Special purpose vehicles   |   |
| 4. Land and support assets - Garage and other work equipment  |   |
| 5. Land and support assets - Buildings  |   |
| 6. Land and support assets - Furniture and Office equipment   |   |
| 7. Land and support assets - General purpose computers  |   |
| 8. Central Office Switching - Digital   |   |
| 9. Central Office Switching - Analog & Electro-mechanical   |   |
| 10. Central Office Switching - Operator Systems   |   |
| 11. Central Office Transmission - Radio Systems   |   |
| 12. Central Office Transmission - Circuit equipment   |   |
| 13. Information origination/termination - Station apparatus   |   |
| 14. Information origination/termination - Customer premises wiring  |   |
| 15. Information origination/termination - Large private branch exchanges  |   |
| 16. Information origination/termination - Public telephone terminal equipment   |   |
| 17. Information origination/termination - Other terminal equipment  |   |
| 18. Cable and wire facilities - Poles   |   |
| 19. Cable and wire facilities - Aerial cable - Metal  |   |
| 20. Cable and wire facilities - Aerial cable - Fiber  |   |
| 21. Cable and wire facilities - Underground cable - Metal   |   |
| 22. Cable and wire facilities - Underground cable - Fiber   |   |
| 23. Cable and wire facilities - Buried cable - Metal  |   |
| 24. Cable and wire facilities - Buried cable - Fiber  |   |
| 25. Cable and wire facilities - Conduit systems   |   |
| 26. Cable and wire facilities - Other   |   |

|  |  |                                |  |
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| USDA-RUS   |  | BORROWER DESIGNATION<br>NE0532 |  |
| OPERATING REPORT FOR<br>TELECOMMUNICATIONS BORROWERS   |  | PERIOD ENDED<br>December, 2013 |  |
| INSTRUCTIONS - See help in the online application.   |  |                                |  |
| PART I - STATEMENT OF CASH FLOWS   |  |                                |  |
| 1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)  |  |                                |  |
| CASH FLOWS FROM OPERATING ACTIVITIES   |  |                                |  |
| 2. Net Income  |  |                                |  |
| <i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>                        |  |                                |  |
| 3. Add: Depreciation   |  |                                |  |
| 4. Add: Amortization   |  |                                |  |
| 5. Other (Explain)<br>Interest Rec. & Gain on Sale of Plant - Plant Retirements                                |  |                                |  |
| <i>Changes in Operating Assets and Liabilities</i>   |  |                                |  |
| 6. Decrease/(Increase) in Accounts Receivable  |  |                                |  |
| 7. Decrease/(Increase) in Materials and Inventory  |  |                                |  |
| 8. Decrease/(Increase) in Prepayments and Deferred Charges   |  |                                |  |
| 9. Decrease/(Increase) in Other Current Assets   |  |                                |  |
| 10. Increase/(Decrease) in Accounts Payable  |  |                                |  |
| 11. Increase/(Decrease) in Advance Billings & Payments   |  |                                |  |
| 12. Increase/(Decrease) in Other Current Liabilities   |  |                                |  |
| 13. Net Cash Provided/(Used) by Operations   |  |                                |  |
| CASH FLOWS FROM FINANCING ACTIVITIES   |  |                                |  |
| 14. Decrease/(Increase) in Notes Receivable  |  |                                |  |
| 15. Increase/(Decrease) in Notes Payable   |  |                                |  |
| 16. Increase/(Decrease) in Customer Deposits   |  |                                |  |
| 17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)                                   |  |                                |  |
| 18. Increase/(Decrease) in Other Liabilities & Deferred Credits  |  |                                |  |
| 19. Increase/(Decrease) in Capital Stock, Paid-In Capital, Membership and Capital Certificates & Other Capital |  |                                |  |
| 20. Less: Payment of Dividends   |  |                                |  |
| 21. Less: Patronage Capital Credits Retired  |  |                                |  |
| 22. Other (Explain)  |  |                                |  |
| 23. Net Cash Provided/(Used) by Financing Activities   |  |                                |  |
| CASH FLOWS FROM INVESTING ACTIVITIES   |  |                                |  |
| 24. Net Capital Expenditures (Property, Plant & Equipment)   |  |                                |  |
| 25. Other Long-Term Investments  |  |                                |  |
| 26. Other Noncurrent Assets & Jurisdictional Differences   |  |                                |  |
| 27. Other (Explain)  |  |                                |  |
| 28. Net Cash Provided/(Used) by Investing Activities   |  |                                |  |
| 29. Net Increase/(Decrease) in Cash  |  |                                |  |
| 30. Ending Cash  |  |                                |  |

Revision Date 2010

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| <p>USDA-RUS</p> <p>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</p> | <p>BORROWER DESIGNATION</p> <p>NE0532</p> |
| <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>                                | <p>PERIOD ENDED</p> <p>December, 2013</p> |
| <p>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>        |   |
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| <p>USDA-RUS</p> <p>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</p>                     | <p>BORROWER DESIGNATION</p> <p>NE0532</p> |
| <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>  | <p>PERIOD ENDED</p> <p>December, 2013</p> |
| <p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> |   |
| <p></p>  |   |

Clarks Telecommunications Company's Five-Year Plan

Pursuant to 47 C.F.R. 54.202(a)(1)(ii), Clarks Telecommunications Company submits a five-year plan that describes with specificity proposed improvements or upgrades to its network throughout its proposed service area. Clarks Telecommunications Company also provides estimates regarding the area and population that will be served as a result of the improvements. This plan is based on Clarks Telecommunications Company's current business and financial conditions and is subject to change as a result of changes in those conditions.

Pursuant to 47 C.F.R. 54.313, in each subsequent year, Clarks Telecommunications Company will file a progress report on its five-year service quality improvement plan pursuant to 54.202(a), including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year.

As of January 1, 2014, [REDACTED] % of subscribers in Clarks have access to broadband Internet service through Clarks Telecommunications Company's fiber optic and or copper facilities. Subscribers served by these facilities have access that meets or exceeds the 4/1 Mbps standard. No capital improvements are required for those subscribers meeting the 4/1 Mbps standard other than maintenance of facilities and as such, no capital investment to these subscribers is outlined in this plan.

Although no capital improvements are required in Clarks to bring subscribers to the 4/1 Mbps standard, Clarks Telecommunications Company incurred approximately \$[REDACTED] in depreciation expense and \$[REDACTED] in on-going maintenance and operating expenses in calendar year 2013. It is reasonable to expect depreciation, maintenance, and operating expenses for the 2015 through 2019 calendar years.

As of January 1, 2014, [REDACTED] % of subscribers in Staplehurst have access to broadband Internet service through Clarks Telecommunications Company's fiber optic and or copper facilities. Subscribers served by these facilities have access that meets or exceeds the 4/1 Mbps standard. In calendar years 2015 through 2019, Clarks Telecommunications Company plans \$[REDACTED] in capital upgrades to the existing network in Staplehurst. See attached template for capital improvements by year.

In addition to the capital upgrades planned in Staplehurst to maintain subscribers at the 4/1 Mbps standard, Clarks Telecommunications Company incurred approximately \$[REDACTED] in depreciation expense and \$[REDACTED] in on-going maintenance and operating expenses in calendar year 2013. It is reasonable to expect depreciation, maintenance, and operating expenses for the 2015 through 2019 calendar years.

As of January 1, 2014, [REDACTED]% of subscribers in Ulysses have access to broadband Internet service through Clarks Telecommunications Company's fiber optic and or copper facilities. Subscribers served by these facilities have access that meets or exceeds the 4/1 Mbps standard. In calendar years 2015 through 2019, Clarks Telecommunications Company plans \$[REDACTED] in capital upgrades to the existing network in Ulysses. See attached template for capital improvements by year.

In addition to the capital upgrades planned in Ulysses to maintain subscribers at the 4/1 Mbps standard, Clarks Telecommunications Company incurred approximately \$[REDACTED] in depreciation expense and \$[REDACTED] in on-going maintenance and operating expenses in calendar year 2013. It is reasonable to expect depreciation, maintenance, and operating expenses for the 2015 through 2019 calendar years.

Five - Year Plan  
 Northeast Nebraska Telephone Company  
 Clarks

| Year # |                                 | Planned Dollar Amount<br>Capital Improvement<br>(CAPx) | Estimated # of Square<br>Miles Served by<br>Capital Improvement | Estimated Population<br>Served By<br>Capital Improvement | Depreciation Expense<br>Associated with Network<br>Improvements<br>Years 1 through 5 (Note 1) | Depreciation Expense<br>Associated with Network<br>Improvements for Years<br>Prior to Year 1 (Note 2) | On-going Maintenance/<br>Operating Expense<br>(Note 3) |
|--------|---------------------------------|--|---|--|---|---|--|
|        | Existing Expense- Total Company | x  | x   | x  | x   |   |  |
| 1      | 01/01/2015 to 12/31/2015        |  |   |  |   | x   | x  |
| 2      | 01/01/2016 to 12/31/2016        |  |   |  |   | x   | x  |
| 3      | 01/01/2017 to 12/31/2017        |  |   |  |   | x   | x  |
| 4      | 01/01/2018 to 12/31/2018        |  |   |  |   | x   | x  |
| 5      | 01/01/2019 to 12/31/2019        |  |   |  |   | x   | x  |

Note 1: Depreciation expense in this column represents only the incremental depreciation expense associated with the CAPx (Investment) put in service in each year of the plan:

Note 2: Depreciation expense in this cell is the company's current depreciation expense associated with investment for network plant previously deployed. This is NOT allocated between exchanges. The purpose for this input is to demonstrate that although network investment has been deployed prior to year 1, recovery is still required in order to pay off said investment.

Note 3: The expense in this cell is the company's current non-depreciation expenses associated with investment for network plant previously deployed. This is NOT allocated between exchanges. The purpose for this input is to demonstrate that there are on-going expenses associated with the network deployed prior to year 1.

Note 4: This information is not relevant because the capital improvements are upgrades to the existing plant.

Note 5: No capital improvements under \$50,000 were included.



Five - Year Plan  
Northeast Nebraska Telephone Company  
Staplehurst

| Year # |                                 | Planned Dollar Amount<br>Capital Improvement<br>(CAPx) | Estimated # of Square<br>Miles Served by<br>Capital Improvement | Estimated Population<br>Served By<br>Capital Improvement | Depreciation Expense<br>Associated with Network<br>Improvements<br>Years 1 through 5 (Note 1) | Depreciation Expense<br>Associated with Network<br>Improvements for Years<br>Prior to Year 1 (Note 2) | On-going Maintenance/<br>Operating Expense<br>(Note 3) |
|--------|---------------------------------|--|---|--|---|---|--|
|        | Existing Expense- Total Company | x  | x   | x  | x   |   |  |
| 1      | 01/01/2015 to 12/31/2015        |  |   |  |   | x   | x  |
| 2      | 01/01/2016 to 12/31/2016        |  |   |  |   | x   | x  |
| 3      | 01/01/2017 to 12/31/2017        |  |   |  |   | x   | x  |
| 4      | 01/01/2018 to 12/31/2018        |  |   |  |   | x   | x  |
| 5      | 01/01/2019 to 12/31/2019        |  |   |  |   | x   | x  |

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Note 2: Depreciation expense in this cell is the company's current depreciation expense associated with investment for network plant previously deployed. This is NOT allocated between exchanges. The purpose for this input is to demonstrate that although network investment has been deployed prior to year 1, recovery is still required in order to pay off said investment.

Note 3: The expense in this cell is the company's current non-depreciation expenses associated with investment for network plant previously deployed. This is NOT allocated between exchanges. The purpose for this input is to demonstrate that there are on-going expenses associated with the network deployed prior to year 1.

Note 4: This information is not relevant because the capital improvements are upgrades to the existing plant.

Note 5: No capital improvements under \$50,000 were included.

Five - Year Plan  
Northeast Nebraska Telephone Company  
Ulysses

| Year # |                                 | Planned Dollar Amount<br>Capital Improvement<br>(CAPx) | Estimated # of Square<br>Miles Served by<br>Capital Improvement | Estimated Population<br>Served By<br>Capital Improvement | Depreciation Expense<br>Associated with Network<br>Improvements<br>Years 1 through 5 (Note 1) | Depreciation Expense<br>Associated with Network<br>Improvements for Years<br>Prior to Year 1 (Note 2) | On-going Maintenance/<br>Operating Expense<br>(Note 3) |
|--------|---------------------------------|--|---|--|---|---|--|
|        | Existing Expense- Total Company | x  | x   | x  | x   |   |  |
| 1      | 01/01/2015 to 12/31/2015        |  |   |  |   | x   | x  |
| 2      | 01/01/2016 to 12/31/2016        |  |   |  |   | x   | x  |
| 3      | 01/01/2017 to 12/31/2017        |  |   |  |   | x   | x  |
| 4      | 01/01/2018 to 12/31/2018        |  |   |  |   | x   | x  |
| 5      | 01/01/2019 to 12/31/2019        |  |   |  |   | x   | x  |

Note 1: Depreciation expense in this column represents only the incremental depreciation expense associated with the CAPx (Investment) put in service in each year of the plan:

Note 2: Depreciation expense in this cell is the company's current depreciation expense associated with investment for network plant previously deployed. This is NOT allocated between exchanges. The purpose for this input is to demonstrate that although network investment has been deployed prior to year 1, recovery is still required in order to pay off said investment.

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